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Programming arrangements

Midterm review of the programming arrangements for the period 2004-2007*

Summary

This first midterm review of the programming arrangements for the period 2004-2007 provides an opportunity to consider further alignment of programme resource earmarkings that affect three different but interrelated areas. They are the following:

(a) A midterm recalculation of target for resource assignment from the core (TRAC) line 1.1.1 earmarkings for the last two years of the 2004-2007 programming period has been undertaken in line with the extension of the programming period from three to four years and in response to Executive Board decision 2002/18;

(b) A change in earmarkings between TRAC lines 1.1.1 and 1.1.2 is proposed for available resources over the base total programming level of $450 million to provide UNDP with flexibility in supporting urgent programme country national capacity development needs towards achieving the Millennium Development Goals (MDGs). This proposal is in direct response to General Assembly resolution A/RES/59/250 on the Triennial Comprehensive Policy Review on Operational Activities (TCPR), which reinforced the importance of national capacity development as the central development cooperation goal of the United Nations system; and

(c) A separate, predictable level of funding is proposed for the Programme of Assistance to the Palestinian People (PAPP). Such funding is in line with General Assembly resolution A/RES/33/147 and pursuant Executive Board decisions.

Elements of a decision

The Executive Board may wish to approve: (a) the recalculated TRAC line 1.1.1 earmarkings for the years 2006 and 2007; (b) the proposed changes in the earmarkings between TRAC lines 1.1.1 and 1.1.2 for available new resources over the base total programming level of $450 million, which will be used to address urgent national capacity development needs; and (c) a predictable level of annual funding for PAPP in the amount of $3 million.

*The compilation of data required to present the Executive Board with the most current information has delayed submission of the present document.

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I. Introduction

1. Subsequent to decision 2002/10, which extended UNDP's programming period from three to four years, and in accordance with decision 2002/18 on UNDP programming arrangements for the period 2004-2007, a midterm recalculation of the TRAC line 1.1.1 earmarkings was prepared on the basis of the agreed distribution model. Current earmarkings are based on gross national income (GNI) per capita for 2001. As stipulated in decision 2002/18, the midterm recalculation is based on per capita GNI from the latest World Bank Atlas and the most recent population data available, which is for 2003. With respect to countries for which no World Bank data was available, UNDP requested the United Nations Statistics Office to provide relevant estimates using World Bank Atlas methodology.

2. The UNDP multi-year funding framework recognizes that the development of national capacities is a key driver of UNDP assistance. The resolution on TCPR adopted by the General Assembly in December 2004 reiterated "the importance of the development of national capacities to eradicate poverty and pursue sustained economic growth and sustainable development as a central goal of the development cooperation of the United Nations system". The immediate challenge for UNDP in its leadership role within the United Nations development system will lie in supporting programme countries to successfully address cross-sectoral national capacity constraints that impede the achievement of the MDGs. This will require UNDP to target increased resources for capacity development activities. It should be noted that dedicated sector-related capacity development requirements will remain the responsibility of the relevant United Nations organizations.

3. In this context, a key stipulation[1/] in Executive Board decision 95/23 on the utilization of TRAC 1.1.2 resources is its focus on capacity development. Against this background, and taking into account the turnaround in the regular resource situation, the Administrator proposes to renew and enhance the TRAC 1.1.2 resource line to support capacity building interventions, targeting new resources over the existing annual base programme resource level of $450 million. UNDP would use these resources for programme activities within its mandate, thus contributing to improving and strengthening 'absorptive capacities' and fostering an enabling environment. This, in turn, would contribute to the success of other development interventions by the wider United Nations development system and other development partners at the country level. To the maximum extent, new TRAC 1.1.2 resources would be released at the beginning of a country programme cycle as investments in capacity development, with continued assistance as required during the programming period.

4. Since 1979, and following General Assembly resolution A/RES/33/147 on assistance to the Palestinian People, the UNDP Executive Board and its predecessor, the Governing Council, explicitly authorized PAPP funding until the end of the fifth programme cycle (1992-1996). From 1997 onwards, and following changes in the overall programming arrangements, no explicit funding provision was made for PAPP. UNDP has continued to provide funding for PAPP on an informal basis that is no longer sufficiently predictable. A fixed annual level of funding in the amount of $3 million is therefore proposed.

1/ In reference to capacity building and the utilization of TRAC 1.1.2 resources, Executive Board decision 95/23 stipulates the following:
(a) The need to ensure that countries with limited capacity for programme formulation benefit fully from line 1.1.2 by, inter alia, strengthening their capacity for programme design and implementation in order to enhance their access to this line; and,
(b) The need to address special needs and opportunities for capacity building that may emerge in individual countries.

II. Recalculation of the TRAC line 1.1.1 earmarkings

5. This represents the first time UNDP has undertaken a full recalculation of TRAC 1.1.1 earmarkings within a programming period. It is therefore particularly important to ensure methodological consistency and financial comparability between the initial calculation and the midterm recalculation.

6. UNDP conducted the midterm recalculation of TRAC 1.1.1 earmarkings in accordance with the distribution methodology approved in decision 2002/18 for the 2004-2007 programming period in order to ensure methodological consistency. However, it is important to note that in applying the current distribution methodology, the midterm recalculation required a full redistribution of resources based on 2003 GNI per capita and population data as summarized in paragraphs 9-11 below.

7. The midterm recalculation, like the initial calculation, is based on a $450 million regular programme resource base. Should regular programme resources fall below the $450 million base, TRAC 1.1.1 minimum allocations and fixed programme lines are subject to reduction in direct proportion to the shortfall. Should regular programme resources exceed the $450 million base, TRAC 1.1.1 allocations not subject to the minimum allocation, and programme lines that are not fixed, would be increased proratably.

8. As stated in paragraph 1, the recalculation uses 2003 per capita GNI and population data. Where such data was unavailable, information obtained from the United Nations Statistics Office was used.

Results

9. The results of the midterm recalculation of TRAC 1.1.1 earmarkings are contained in tables 1-3. The increases and decreases therein result from changes in per capita GNI and population data as calculated using the agreed distribution methodology. Since this is a full recalculation, a large number of countries reflect potential increases or decreases. In order to ensure that the share of TRAC line 1.1.1 resources allocated to low-income countries remains in the range of 85 to 91 per cent of total TRAC line 1.1.1 resources, it became necessary to assign a low-income country bonus. This was necessitated primarily by the movement of six countries from the low-income to the middle-income category: Armenia, China, Djibouti, Honduras, Sri Lanka and Ukraine. The midterm recalculation has also moved Bolivia moving from the middle-income to the low-income category; Venezuela from the net contributor country (NCC) category to the middle-income category; and Croatia, Poland and the Slovak Republic from the middle income to the NCC category.

Options

10. Two options based on the midterm recalculation described above are presented for consideration. Option 1 takes into account all countries reflecting either upward or downward revisions to their initial annual TRAC 1.1.1 earmarkings. As a result, option 1 reflects a total of 101 changes, with 39 countries reflecting increases totalling approximately $8.2 million and 62 countries reflecting decreases in the same total amount. Of the 39 countries reflecting increases, all but one are low-income countries. Under option 1, both the low-income country range of 85-91 per cent, and the least-developed country range of 60 per cent or more, are respected.

11. Option 2 is derived directly from option 1, and considers only those countries reflecting upward revisions to their initial annual TRAC 1.1.1 earmarkings. This results in the same group of 39 countries (all but one of which are low-income countries) having increases totalling approximately $8.2 million. As a result, under option 2, TRAC 1.1.1

resource flows to low income countries during the 2006-2007 period are maximized. Also under Option 2, both the low income country range of 85 per cent and 91 per cent, and the LDC range of 60 per cent or more, are respected.

12. As agreed in past decisions, including 2002/18, progressivity and predictability in the flow of resources to recipient countries, especially low income and LDC countries, are essential UNDP principles. This is particularly important at the mid-point of the programming period, when TRAC 1.1.1 earmarkings for 2006 and 2007 have already been allocated in line with the need to programme resources in advance of planned delivery. Against this background, and taking into consideration that the current recalculation exercise represents the first ever midterm recalculation of TRAC 1.1.1 earmarkings, UNDP recommends the adoption of option 2, which provides 39 countries, 38 of which are low-income countries, with upward revisions to their initial annual TRAC 1.1.1 earmarkings. This recommendation also recognizes that a full review of the current TRAC 1.1.1 distribution methodology, including the current midterm recalculation, be undertaken during the preparations for the programming arrangements for the period 2008-2011. Furthermore, this recommendation is without prejudice to any decision the Executive Board may wish to take on future midterm TRAC 1.1.1 recalculations.

III. A renewed and enhanced TRAC 1.1.2: Strengthening UNDP support to programme countries in addressing national capacity development needs towards achievement of the MDGs

13. Over the last several decades, capacity development has been the central focus for driving sustainable development, becoming an integral part in the formulation of cross-cutting and sectoral development interventions. The reasoning is that where capacity development is properly addressed, it can contribute significantly to the sustainability of development interventions. However, capacity development requirements became subsumed within broader development interventions, leading to inadequate attention to underlying capacity constraints and resulting in many development interventions being unsustainable in the medium to long term. The Millennium Project has reiterated the crucial role of national capacity building in country efforts to achieve the MDGs.

14. As was reflected in the Millennium Project report to the United Nations Secretary-General of January 2005, despite investments in capacity development over the years, insufficient attention and resources have been given to underlying capacity constraints, specifically as they relate to 'absorptive capacity'. Since national capacity weaknesses eventually lead to unsustainable development interventions and hence wasted resources, donor support has begun to depend on a better understanding of absorptive capacity challenges in programme countries. In essence, the success of any development intervention requires that due attention be given to underlying cross-sectoral as well as sectoral capacity development needs of countries – at the design and formulation stages of country assistance programmes. National capacity strengthening in scaling up and replicability will therefore be vital within national poverty reduction strategies in order to position programme countries to assume ownership of their own development. This becomes all the more crucial with the increasing trend towards new and emerging funding mechanisms such as direct budget support and sector-wide approaches.

15. If the United Nations development system is to support programme countries adequately, it will need to embed in its mainstream programming process appropriate diagnostic and analytical tools to identify and analyse capacity constraints. Because of its cross-sectoral mandate and global platform, UNDP is the most suitable United Nations

entity to lead the United Nations development system in this area. In providing this leadership, the Administrator proposes a renewed and enhanced TRAC 1.1.2 earmarking higher than the current annual base programme level of $450 million. These new TRAC 1.1.2 resources would be used exclusively to fund comprehensive capacity development initiatives that target underlying capacity constraints impeding sustainable development.

A. The proposed funding approach

16. Recognizing the challenges posed by the MDGs, UNDP needs to provide the leadership for the United Nations development system in assisting programme countries to create the enabling environment which would ultimately contribute to the success of development interventions overall. To make that possible, UNDP needs additional flexibility at the country level to focus new resources in areas that will benefit programme countries in their capacity development objectives, especially those relating to achievement of the MDGs. The turnaround in the regular resource situation provides UNDP with a unique opportunity to direct newly available programme resources to this urgent need.

17. The Executive Board approved the UNDP programme resources allocation framework, presented in table 4, in its decision 2002/18. Resources currently distributed internally between TRAC 1.1.1 and TRAC 1.1.2 are at a ratio of 60 to 40 per cent, respectively. While these resources are available for country-level development interventions under the goals and service lines of the MYFF, increased resource flexibility is required, especially in support of capacity development. It is therefore proposed that the internal distribution for TRAC 1.1.1 and TRAC 1.1.2 resources over the base programme allocation of $450 million be in equal shares. The objective is to provide increasing and dedicated resources for a renewed, enhanced TRAC 1.1.2 focussing on capacity development programmes carried out by UNDP at the country level. The proposal for regular resources contributions over the annual programme base of $450 million would be implemented as follows:

(a) The following estimated annual provisions would be initially and fully provided for:

(i) the approved regular support budget, including the security provision;
(ii) any adjustments to TRAC 1.1.1 and 1.1.2 within the programme base following the midterm recalculation;
(iii) the annual provision of $27 million for after-service health insurance;
(iv) the approved allocation of $3 million for PAPP; and
(v) other provisions, based on Executive Board authorization.

(b) Only the following programme lines would benefit from the remaining regular resources contributions:

(i) TRAC 1.1.1 and TRAC 1.1.2, where the current respective distributions of 60 and 40 per cent are changed to equal shares of 50 per cent each; and
(ii) TRAC 1.1.3, regional programme and global programme earmarkings, based on their existing proportionate shares.

18. Based on current projections, regular resources contributions for the period 2006-2007 are estimated at $1.9 billion. Estimated resource utilization against this income base is $1.721 billion, including $900 million for the base programme resource allocation framework (annual programme base of $450 million), followed by the provisions in paragraph 17 (a), above, currently estimated at $821.4 million. This would result in an estimated $179 million in new resources for the programme lines referred to in paragraph 17 (b), above. Under this proposal, of the $179 million in estimated new programme resources available for the period 2006-2007, approximately $140 million – or 79 per cent – would be distributed to TRAC 1.1.1 and TRAC 1.1.2 in equal shares of $70 million.

B. The proposed allocation approach

19. The proposed TRAC 1.1.2 would apply to available programme resources above the $450 million base that are expected to be released for the years 2006 and beyond. A proposed framework to determine how UNDP would strategically release the renewed TRAC 1.1.2 resources at the local level to focus on national capacity development activities is set forth below.

The legislative criteria for financial allocations

20. The current legislative criteria on the allocation of TRAC 1.1.2 resources consists of the following:

Established percentages. For low-income countries (LICs), a range to be fixed at between 85 and 91 per cent; for least-developed countries (LDCs); a fixed minimum of 60 per cent.

Country limitation. The maximum level of allocated TRAC 1.1.2 resources for a country cannot be greater than its TRAC 1.1.1 earmarking.

Regional limitations. The level of TRAC 1.1.2 resources allocated to a region are based on its corresponding pro-rata share of total TRAC 1.1.1 resources for all regions.

Established percentages

21. No change is proposed in the established percentages for LICs and LDCs, as noted in paragraph 20, above, in recognition of the significant focus of UNDP on these categories of countries. However, increased flexibility in other respects is essential in order to maximize the availability of resources to urgently address critical national capacity development needs. In this context, the following proposals are made with reference to the current country and regional limitations.

Country limitation

22. The current legislation requires that TRAC 1.1.2 not exceed the level of a programme country's TRAC 1.1.1 earmarking. This limitation inhibits UNDP from strategically providing additional development assistance where clear needs and opportunities exist – the very purpose for which the TRAC 1.1.2 window was established. It is therefore proposed that this limitation be eliminated, enabling UNDP to target additional resources strategically to countries with demonstrated good performance and results, where clear capacity development needs exist.

Regional limitation

23. The current legislation earmarks TRAC 1.1.2 resources at the regional level based on a region's pro-rata share of total TRAC 1.1.1 resources for all regions. To eliminate both the regional and country limitations could disproportionately affect the share of TRAC 1.1.2 resources for certain regions where there are few LICs or LDCs. It is therefore proposed that that the regional limitation remain in principle, but with a flexibility of a plus or minus 10 per cent to facilitate some movement of TRAC 1.1.2 resources between regions. This would enable UNDP, on an exceptional and priority basis, to increase the resource level in one region with a corresponding decrease in another, up to the proposed 10 per cent limitation level. Should this flexibility be exercised, UNDP would report to the Executive Board at the end of the programming period, providing the specific reasons, levels, and rationale for such transfers.

The programmatic criteria for allocation

24. As legislated in decision 95/23, TRAC 1.1.2 provides UNDP with the flexibility to target resources to countries that have demonstrated good programmes and are most in

need, especially with respect to capacity development constraints. Over the years, however, reduced levels of regular contributions resulted in the allocation of TRAC 1.1.2 resources on an entitlement basis similar to TRAC 1.1.1. During 2004, UNDP instituted a revitalized, strategic approach to allocating TRAC 1.1.2 resources based on effectiveness, efficiency and opportunity. This approach was developed using the existing resource framework and underlying programming arrangements as a basis.

25. Building on this approach for allocating TRAC 1.1.2 resources, the proposed allocation criteria would focus to the greatest extent possible on making these resources available up front for integral capacity development programmes within the framework of country programmes. Such capacity development programmes would be based on needs analyses undertaken during the common country assessment (CCA) process of the United Nations Development system, with the primary focus on supporting programme countries towards achieving the MDGs. In many cases, continued assistance throughout the programming period would be required.

26. The proposed United Nations development system approach, led by UNDP, would entail identifying the absorptive capacity challenges as an integral part of the United Nations country programming process. It is proposed that, during the CCA stage carried out by the United Nations country team (UNCT), UNDP utilize an effective diagnostic tool to assist in identifying underlying absorptive capacity constraints, as well as aid-management weaknesses, across the board. Such a process would help identify structural areas that continue to impede a the progress of a country towards the achievement of the MDGs. The MDG needs assessments, as well as any other assessments of capacity constraints, should be factored in during the CCA stage. It is expected that this exercise would directly contribute to, and/or be an integral part of, the development and formulation of national development and poverty reduction strategies.

27. The UNDAF results matrix will clearly define, in the planning phase, the capacity development outcomes and outputs and the respective responsibilities of each United Nations organization, with relevant indicators for progress and lessons learned. The proposed TRAC 1.1.2 facility to fund this initiative would support the UNDAF priorities to be addressed by UNDP with explicit strategies to overcome capacity constraints. To the maximum extent, new TRAC 1.1.2 resources would be released up front, at the beginning of a country programme cycle, for investments in capacity development.

28. UNDP interventions funded through this TRAC 1.1.2 facility will encompass system-wide capacity development programme initiatives within the framework of the multi-year funding framework (MYFF). The facility will provide additional resources for UNDP to reposition the United Nations development system at the country level through cross-cutting capacity development interventions. It would contribute to improving and strengthening absorptive capacities, thereby assisting programme countries towards having the capacities necessary to assume ownership of their own development. As mentioned in the introduction, this strengthened enabling environment would in turn contribute to the sustainability of other development interventions by the wider United Nations development system and other development partners at the country level.

IV. Special allocation to the Programme of Assistance to the Palestinian People

29. Decision 79/18, on the implementation of General Assembly resolution 33/147 on assistance to the Palestinian people, authorized the Administrator to draw up to $3.5 million from the programme reserve during the second half of the 1977-1981 programming period,

for the purpose of funding PAPP. Thereafter, until 1997, the programme reserve (subsequently renamed special programme resources) was the designated UNDP funding modality for PAPP. During the eighteen-year period from 1979-1996, an average of $2.4 million per year was spent in support of PAPP. No similar provision was made for PAPP under the 1997-1999 successor programming arrangements, as approved in decision 95/23, which continues in principle to apply to the 2004-2007 programming period. Since 1997, therefore, approximately $3 million per year in assistance to PAPP has been exceptionally and informally allocated from the TRAC 1.1.3 earmarking for countries in special situations. However, TRAC 1.1.3 resources, in principle, focus on post-conflict and crisis countries, the increasing number of which requires the full availability of this earmarking.

30. In view of the above, it is increasingly important that a reasonable, sustainable regular resources-funded programming base be available to PAPP to support capacity development and strengthen aid coordination, laying the foundation for increased technical assistance from multi- and bilateral donors. Therefore, it is proposed that a special allocation of $3 million per year over and above the current $450 million programme resource base be established to provide direct support to PAPP.

Table 1. Summary of annual TRAC 1.1.1 earmarkings (based on $450 million)

	Initial*		Option 1**		Option 2***	
	Annual TRAC-1 based on 2001 GNI (millions of dollars)	As a percentage of total	Annual TRAC-1 based on 2003 GNI (millions of dollars)	As a percentage of total	Annual TRAC-1 based on 2003 GNI (millions of dollars)	As a percentage of total
Total TRAC-1	194.3	100%	194.5	100%	202.7	100%
of which:						
Low income	171.2	88%	167.2	86%	172.3	85%
Middle income	23.1	12%	27.3	14%	30.4	15%
LDC	116.3	60%	122.4	63%	124.4	61%
Non-LDC	78.0	40%	72.2	37%	78.3	39%
Regional distribution:						
Africa	94.8	48.8%	98.8	50.8%	99.8	49.2%
Asia and the Pacific	57.3	29.5%	56.8	29.2%	60.2	29.7%
Arab States	14.3	7.3%	13.6	7.0%	14.8	7.3%
Latin America and the Caribbean	10.7	5.5%	11.0	5.7%	11.7	5.8%
Europe and the Commonwealth of Independent States	17.2	8.9%	14.4	7.4%	16.3	8.1%
Adjusted NCC total (see table 3)	1.0		0.8		0.8	
Grand total (see table 2)	195.3		195.4		203.5	

* Initial TRAC-1 refers to the current TRAC-1 calculation for the years 2004-2007 using 2001 GNI per capita data.
** Option 1 refers to the midterm TRAC-1 recalculation for the years 2006-2007 using 2003 GNI and reflecting both upward and downward TRAC-1 recalculations.
*** Option 2 refers to the midterm TRAC-1 recalculation for the years 2006-2007 using 2003 GNI and reflecting only upward TRAC-1 recalculations.

Table 2. Recalculated annual TRAC 1.1.1 earmarkings, by country, for the period 2006-2007 (based on $450 million)

Region	Country	LDC status	2001 GNI per capita (dollars)	Initial* annual TRAC-1 based on 2001 GNI (millions of dollars)	2003 GNI per capita (dollars)	Option 1** annual TRAC-1 based on 2003 GNI (millions of dollars)	Increase/ (decrease) between initial and option 1	Option 2*** annual TRAC-1 based on 2003 GNI (millions of dollars)	Increase/ (decrease) between initial and option 2
Africa	Angola	LDC	500	2.690	740	2.520	(0.169)	2.690	-
	Benin	LDC	380	1.841	440	1.806	(0.035)	1.841	-
	Botswana		3,100	0.350	3,430	0.350	-	0.350	-
	Burkina Faso	LDC	220	3.325	300	3.084	(0.241)	3.325	-
	Burundi	LDC	100	3.011	100	3.327	0.316	3.327	0.316
	Cameroon		580	1.479	640	1.418	(0.061)	1.479	-
	Cape Verde	LDC	1,340	0.350	1,490	0.350	-	0.350	-
	Central African Republic	LDC	260	1.681	260	1.838	0.157	1.838	0.157
	Chad	LDC	200	2.821	250	2.952	0.131	2.952	0.131
	Comoros	LDC	380	0.533	450	0.544	0.011	0.544	0.011
	Congo		640	0.623	640	0.732	0.109	0.732	0.109
	Côte d'Ivoire		630	1.346	660	1.375	0.029	1.375	0.029
	Equatorial Guinea	LDC	700	0.350	710 b/	0.350	-	0.350	-
	Eritrea	LDC	160	2.087	190	2.196	0.110	2.196	0.110
	Ethiopia	LDC	100	6.965	90	7.791	0.826	7.791	0.826
	Gabon		3,160	0.350	3,580	0.350	-	0.350	-
	Gambia	LDC	320	1.047	310	1.168	0.121	1.168	0.121
	Ghana		290	2.502	320	2.571	0.069	2.571	0.069
	Guinea	LDC	410	1.907	430	2.030	0.123	2.030	0.123
	Guinea-Bissau	LDC	160	1.351	140	1.574	0.223	1.574	0.223
	Kenya		340	2.587	390	2.571	(0.015)	2.587	-
	Lesotho	LDC	530	0.840	590	0.783	(0.057)	0.840	-
	Liberia	LDC	140	1.898	130	2.122	0.224	2.122	0.224
	Madagascar	LDC	260	3.246	290	3.357	0.110	3.357	0.110
	Malawi	LDC	160	3.545	170	3.790	0.245	3.790	0.245
	Mali	LDC	230	3.303	290	3.123	(0.180)	3.303	-
	Mauritania	LDC	360	1.232	430	1.159	(0.073)	1.232	-
	Mauritius		3,830	0.350	4,090	0.350	-	0.350	-
	Mozambique	LDC	210	3.635	210	3.959	0.324	3.959	0.324
	Namibia	LDC	1,960	0.350	1,870	0.350	-	0.350	-
	Niger	LDC	180	3.524	200	3.657	0.133	3.657	0.133
	Nigeria		290	5.234	320	5.361	0.126	5.361	0.126
	Rwanda	LDC	220	2.908	220	3.027	0.119	3.027	0.119
	Sao Tome and Principe	LDC	280	0.350	320	0.350	-	0.350	-
	Senegal	LDC	490	2.017	550	1.981	(0.037)	2.017	-
	Sierra Leone	LDC	140	2.388	150	2.591	0.204	2.591	0.204
	South Africa		2,820	0.350	2,780	0.350	-	0.350	-
	Swaziland		1,300	0.350	1,350	0.350	-	0.350	-
	The Democratic Republic of the Congo	LDC	80	6.384	100	6.749	0.365	6.749	0.365
	Togo	LDC	270	1.832	310	1.876	0.044	1.876	0.044
	Uganda	LDC	260	3.545	240	4.081	0.537	4.081	0.537
	United Republic of Tanzania	LDC	270	3.981	290	4.204	0.223	4.204	0.223
	Zambia	LDC	320	2.678	380	2.561	(0.117)	2.678	-
	Zimbabwe		480	1.655	500 b/	1.739	0.084	1.739	0.084
Africa total				**94.788**		**98.766**	**3.978**	**99.751**	**4.963**

Table 2 (continued)

Region	Country	LDC status	2001 GNI per capita (dollars)	Initial* annual TRAC-1 based on 2001 GNI (millions of dollars)	2003 GNI per capita (dollars)	Option 1** annual TRAC-1 based on 2003 GNI (millions of dollars)	Increase/ (decrease) between initial and option 1	Option 2*** annual TRAC-1 based on 2003 GNI (millions of dollars)	Increase/ (decrease) between initial and option 2
Asia and the Pacific	Afghanistan	LDC	150	4.470	180 b/	4.689	0.219	4.689	0.219
	Bangladesh	LDC	360	5.886	400	5.972	0.086	5.972	0.086
	Bhutan	LDC	640	0.840	660	0.787	(0.053)	0.840	-
	Cambodia	LDC	270	3.030	310	3.081	0.051	3.081	0.051
	China		890	4.727	1,100	4.430	(0.298)	4.727	-
	Cook Islands		3,020	0.044	4,480 b/	0.039	(0.006)	0.044	-
	Democratic People's Republic of Korea		200	3.025	710 b/	1.328	(1.697)	3.025	-
	East Timor		520	0.724	430	0.724	-	0.724	-
	Federated States of Micronesia		2,150	0.028	2,090	0.021	(0.006)	0.028	-
	Fiji		2,150	0.046	2,360	0.035	(0.011)	0.046	-
	India		460	7.411	530	7.179	(0.233)	7.411	-
	Indonesia		690	2.883	810	2.443	(0.440)	2.883	-
	Iran (Islamic Republic of)		1,680	0.350	2,000	0.350	-	0.350	-
	Kiribati	LDC	830	0.090	880	0.074	(0.017)	0.090	-
	Lao People's Democratic Republic	LDC	300	1.879	320	2.001	0.122	2.001	0.122
	Malaysia		3,330	0.350	3,780	0.350	-	0.350	-
	Maldives	LDC	2,000	0.350	2,300	0.350	-	0.350	-
	Marshall Islands		2,190	0.027	2,710	0.021	(0.006)	0.027	-
	Mongolia		400	0.834	480	0.810	(0.024)	0.834	-
	Myanmar	LDC	290	4.409	140 b/	6.159	1.749	6.159	1.749
	Nauru		2,860	0.005	2,550 b/	0.004	(0.001)	0.005	-
	Nepal	LDC	250	3.642	240	4.051	0.409	4.051	0.409
	Niue		2,220	0.032	4,050 b/	0.028	(0.004)	0.032	-
	Pakistan		420	4.190	470	4.239	0.049	4.239	0.049
	Papua New Guinea		580	0.901	510	1.121	0.220	1.121	0.220
	Philippines		1,030	1.218	1,080	0.886	(0.332)	1.218	-
	Samoa	LDC	1,490	0.260	1,600	0.228	(0.032)	0.260	-
	Solomon Islands	LDC	590	0.379	600	0.340	(0.040)	0.379	-
	Sri Lanka		880	1.072	930	1.005	(0.068)	1.072	-
	Thailand		1,940	0.370	2,190	0.350	(0.020)	0.370	-
	Tokelau		980	0.076	1,010 b/	0.067	(0.009)	0.076	-
	Tonga		1,530	0.029	1,490	0.025	(0.003)	0.029	-
	Tuvalu	LDC	1,140	0.043	1,370 b/	0.033	(0.010)	0.043	-
	Vanuatu	LDC	1,050	0.094	1,180	0.045	(0.048)	0.094	-
	Viet Nam		410	3.559	480	3.503	(0.055)	3.559	-
Asia and the Pacific total				**57.272**		**56.766**	**(0.507)**	**60.178**	**2.906**

Table 2 (continued)

Region	Country	LDC status	2001 GNI per capita (dollars)	Initial* annual TRAC-1 based on 2001 GNI (millions of dollars)	2003 GNI per capita (dollars)		Option 1** annual TRAC-1 based on 2003 GNI (millions of dollars)	Increase/ (decrease) between initial and option 1	Option 2*** annual TRAC-1 based on 2003 GNI (millions of dollars)	Increase/ (decrease) between initial and option 2
Arab States	Algeria		1,650	0.350	1,890		0.350	-	0.350	-
	Djibouti	LDC	890	0.350	910		0.350	-	0.350	-
	Egypt		1,530	0.868	1,390		0.930	0.062	0.930	0.062
	Iraq		990	0.789	1,010	b/	0.350	(0.439)	0.789	-
	Jordan		1,750	0.350	1,850		0.350	-	0.350	-
	Lebanon		4,010	0.350	4,040		0.350	-	0.350	-
	Morocco		1,190	0.551	1,320		0.492	(0.059)	0.551	-
	Somalia	LDC	140	3.391	140	b/	3.806	0.415	3.806	0.415
	Sudan	LDC	340	3.442	460		3.064	(0.379)	3.442	-
	Syrian Arab Republic		1,040	0.707	1,160		0.607	(0.100)	0.707	-
	Tunisia		2,070	0.350	2,240		0.350	-	0.350	-
	Yemen	LDC	450	2.778	520		2.603	(0.175)	2.778	-
Arab States total				**14.277**			**13.682**	**(0.675)**	**14.753**	**0.477**

Region	Country	LDC status	2001 GNI per capita (dollars)	Initial* annual TRAC-1 based on 2001 GNI (millions of dollars)	2003 GNI per capita (dollars)		Option 1** annual TRAC-1 based on 2003 GNI (millions of dollars)	Increase/ (decrease) between initial and option 1	Option 2*** annual TRAC-1 based on 2003 GNI (millions of dollars)	Increase/ (decrease) between initial and option 2
Latin America and the Caribbean	Argentina		4,060	0.350	3,650		0.350	-	0.350	-
	Belize		2,940	0.032	3,190	d/	0.030	(0.001)	0.032	-
	Bolivia		950	0.690	890		0.778	0.087	0.778	0.087
	Brazil		3,070	0.350	2,710		0.350	-	0.350	-
	Chile		4,590	0.350	4,390		0.350	-	0.350	-
	Colombia		1,890	0.350	1,810		0.350	-	0.350	-
	Costa Rica		4,060	0.350	4,280		0.350	-	0.350	-
	Cuba		1,530	0.350	2,390	b/	0.350	-	0.350	-
	Dominica		3,200	0.035	3,360		0.035	-	0.035	-
	Dominican Republic		2,230	0.350	2,070		0.350	-	0.350	-
	Ecuador		1,080	0.573	1,790		0.350	(0.223)	0.573	-
	El Salvador		2,040	0.340	2,200		0.324	(0.016)	0.340	-
	Grenada		3,610	0.037	3,790		0.037	-	0.037	-
	Guatemala		1,680	0.350	1,910		0.350	-	0.350	-
	Guyana		840	0.350	900		0.350	-	0.350	-
	Haiti	LDC	480	1.805	380		2.267	0.462	2.267	0.462
	Honduras		900	0.583	970		0.546	(0.037)	0.583	-
	Jamaica		2,800	0.350	2,760		0.350	-	0.350	-
	Montserrat		4,200	0.007	4,340	b/	0.001	(0.006)	0.007	-
	Nicaragua	LDC	370	1.594	730		1.216	(0.377)	1.594	-
	Panama		3,260	0.350	4,250		0.350	-	0.350	-
	Paraguay		1,350	0.350	1,100		0.350	-	0.350	-
	Peru		1,980	0.350	2,150		0.350	-	0.350	-
	Saint Lucia		3,950	0.033	4,050		0.033	-	0.033	-
	Saint Vincent and the Grenadines		2,740	0.055	3,300		0.055	-	0.055	-
	Suriname		1,810	0.103	1,990	d/	0.103	-	0.103	-
	Uruguay		4,370	0.350	3,790		0.350	-	0.350	-
	Venezuela		4,760	0.350	3,490		0.350	-	0.350	-
Latin America and the Caribbean total				**11.136**			**11.026**	**(0.110)**	**11.686**	**0.550**
NCC related adjustment	Venezuela - former NCC			(0.350)						
Adjusted Latin America and the Caribbean total (see table 1)				**10.786**			**11.026**		**11.686**	

Table 2 (continued)

Region	Country	LDC status	2001 GNI per capita (dollars)	Initial* annual TRAC-1 based on 2001 GNI (millions of dollars)	2003 GNI per capita (dollars)	Option 1** annual TRAC-1 based on 2003 GNI (millions of dollars)	Increase/ (decrease) between initial and option 1	Option 2*** annual TRAC-1 based on 2003 GNI (millions of dollars)	Increase/ (decrease) between initial and option 2
Europe and the Commonwealth of Independent States	Albania		1,340	0.639	1,740	0.524	(0.115)	0.639	-
	Armenia		570	0.791	950	0.599	(0.192)	0.791	-
	Azerbaijan		650	1.198	810	0.998	(0.200)	1.198	-
	Belarus		1,290	0.417	1,590	0.350	(0.067)	0.417	-
	Bosnia and Herzegovina		1,240	0.517	1,540	0.424	(0.093)	0.517	-
	Bulgaria		1,650	0.410	2,130	0.385	(0.026)	0.410	-
	Former Yugoslav Republic of Macedonia		1,690	0.350	1,980	0.350	-	0.350	-
	Georgia		590	0.887	830	0.688	(0.199)	0.887	-
	Kazakhstan		1,350	0.350	1,780	0.350	-	0.350	-
	Kyrgyzstan		280	1.444	330	1.427	(0.017)	1.444	-
	Latvia		3,230	0.350	4,070	-	(0.350)	-	(0.350)
	Lithuania		3,350	0.350	4,490	-	(0.350)	-	(0.350)
	Republic of Moldova		400	1.012	590	0.852	(0.159)	1.012	-
	Romania		1,720	0.350	310	0.350	-	0.350	-
	Russian Federation		1,750	0.350	2,610	0.350	-	0.350	-
	Tajikistan		180	1.973	190	2.080	0.107	2.080	0.107
	Turkey		2,530	0.350	2,790	0.350	-	0.350	-
	Turkmenistan		950	0.573	1,120	0.537	(0.036)	0.573	-
	Ukraine		720	1.596	970	1.125	(0.470)	1.596	-
	Uzbekistan		550	1.736	420	2.297	0.561	2.297	0.561
	Yugoslavia		930	0.736	1,910	0.350	(0.386)	0.736	-
Europe and the Commonwealth of Independent States total				**16.379**		**14.385**	**(1.994)**	**16.346**	**(0.033)**
NCC related adjustments	Croatia - new NCC			0.350					
	Poland - new NCC			0.350					
	Slovak Republic - new NCC			0.175					
Adjusted Europe and the Commonwealth of Independent States total (see table 1)				**17.254**		**14.385**		**16.239**	
Total (excluding NCCs and NCC related adjustments)				**193.852**		**194.545**	**0.693**	**202.714**	**8.862**
Total NCCs (see table 3)				**1.520**		**0.826**	**(0.693)**	**0.827**	**(0.692)**
Grand total (see table 1)				**195.371**		**195.371**	-	**203.542**	**8.170**

* Initial TRAC-1 refers to the current TRAC-1 calculation for the years 2004-2007 using 2001 GNI per capita data.
** Option 1 refers to the midterm TRAC-1 recalculation for the years 2006-2007 using 2003 GNI and reflecting both upward and downward TRAC-1 recalculations.
*** Option 2 refers to the midterm TRAC-1 recalculation for the years 2006-2007 using 2003 GNI and reflecting only upward TRAC-1 recalculations.

Footnotes:

[a] 2003 World Bank published data unless otherwise indicated.
[b] 2003 World Bank estimate.
[c] 2003 per capita GNI estimate based on United Nations Statistics Division data.
[d] 2002 World Bank published data.
[e] 2001 World Bank published data.

Table 3. Recalculated annual TRAC-1 earmarkings for net contributor countries for the period 2006-2007, based on $450 million

NCC by region	LDC status	2001 GNI per capita (dollars)	Initial* annual TRAC-1 based on 2001 GNI (millions of dollars)	2003 GNI per capita (dollars)	Option 1** annual TRAC-1 based on 2003 GNI (millions of dollars)	Increase/ (decrease) between initial and option 1	Option 2*** annual TRAC-1 based on 2003 GNI (millions of dollars)	Increase/ (decrease) between initial and option 2
Africa								
Seychelles [a]		6,530	-	7,480	-	-	-	-
Asia and the Pacific								
Brunei Darussalam		23,550	-	12,820 [b]	-	-	-	-
Palau		6,780	0.006	7,500	0.004	(0.001)	0.006	-
Republic of Korea		9,460	-	12,020	-	-	-	-
Singapore		21,500	-	21,230	-	-	-	-
Arab States								
Bahrain		11,130	-	11,260 [d]	-	-	-	-
Kuwait		18,270	-	16,340 [d]	-	-	-	-
Libyan Arab Jamahiriya		5,740	-	5,850 [b]	-	-	-	-
Oman		6,140	-	7,830 [d]	-	-	-	-
Qatar		14,290	-	17,690 [b]	-	-	-	-
Saudi Arabia		8,460	-	8,530 [d]	-	-	-	-
United Arab Emirates		17,740	-	19,600 [b]	-	-	-	-
Latin America and the Caribbean								
Anguilla		6,370	-	6,590 [b]	-	-	-	-
Antigua and Barbuda		9,150	-	9,160	-	-	-	-
Aruba		16,600	-	22,050 [b]	-	-	-	-
Bahamas		14,860	-	15,110 [d]	-	-	-	-
Barbados		9,750	-	9,270	-	-	-	-
Bermuda		35,390	-	45,470 [b]	-	-	-	-
British Virgin Islands		16,890	-	17,470 [b]	-	-	-	-
Cayman Islands		29,230	-	26,370 [b]	-	-	-	-
Mexico		5,530	0.350	6,230	0.350	-	0.350	-
Netherlands Antilles		11,420	-	12,390 [b]	-	-	-	-
Saint Kitts and Nevis		6,630	-	6,880	-	-	-	-
Trinidad and Tobago		5,960	0.065	7,260	0.065	-	0.065	-
Turks and Caicos Islands		6,640	-	6,870 [b]	-	-	-	-
Europe and the Commonwealth of Independent States								
Croatia		4,550	0.350	5,350	0.350	-	0.350	-
Cyprus		12,320	-	12,630 [b]	-	-	-	-
Czech Republic		5,310	-	6,740	-	-	-	-
Hungary		4,830	0.167	6,330	-	(0.167)	-	(0.167)
Malta		9,210	-	11,736 [c]	-	-	-	-
Poland		4,230	0.350	5,270	-	(0.350)	-	(0.350)
Saint Helena		4,783	0.057	4,783 [e]	0.057	-	0.057	-
Slovak Republic		3,760	0.175	4,920	-	(0.175)	-	(0.175)
Slovenia		9,760	-	11,830	-	-	-	-
NCC total (see table 2)			**1.520**		**0.826**	**(0.693)**	**0.827**	**(0.692)**
NCC related adjustments	Croatia - new NCC		(0.350)					
	Poland - new NCC		(0.350)					
	Slovak Republic - new NCC		(0.175)					
	Venezuela - new MIC		0.350					
Adjusted NCC total (see table 1)			**0.995**		**0.826**		**0.827**	

* Initial TRAC-1 refers to the current TRAC-1 calculation for the years 2004-2007 using 2001 GNI per capita data.
** Option 1 refers to the midterm TRAC-1 recalculation for the years 2006-2007 using 2003 GNI and reflecting both upward and downward TRAC-1 recalculations.
*** Option 2 refers to the midterm TRAC-1 recalculation for the years 2006-2007 using 2003 GNI and reflecting only upward TRAC-1 recalculations.

Footnotes:
[a] 2003 World Bank published data unless otherwise indicated.
[b] 2003 World Bank estimate
[c] 2003 per capita GNI estimate based on United Nations Statistics Division data.
[d] 2002 World Bank published data.
[e] 2001 World Bank published data.
[f] New NCC as of 2004
[g] New NCC as of 2006
[h] European Union accession country

Table 4. The base UNDP programme resources allocation framework*
(in millions of dollars)

A. Fixed programming lines		Base allocation
Human Development Report (HDR)		$5.3
Office of Development Studies (ODS)		1.1
Economists programme		4.5
Development support services (DSS)		6.0
Support to resident coordinator		13.5
Evaluation		2.5
South-South cooperation		3.5
Total fixed programming lines		**$36.4**
B. From resources available for variable programming lines (%):		
TRAC 1.1.1 (60%)	47.3%	195.5
TRAC 1.1.2 (40%)	31.5%	130.4
Total country TRAC	78.8%	$325.9
TRAC 1.1.3	7.2%	29.8
Regional programmes	9.0%	37.2
Global programmes	5.0%	20.7
Total resources available for variable programming lines	**100%**	**$413.6**
Programming lines (base allocation)		**$450.0**

*Based on Executive Board decision 2002/18.